



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN 1862 (1951)

FEB 08 1988

SUBJECT: Notification of Softwood Timber Loan Program for
Farmer Program Borrowers

TO: State Directors and District Directors

Purpose/Intended Outcome

The purpose of this Administrative Notice (AN) is to disseminate Farmers Home Administration's (FmHA) interpretation of the special notification requirements concerning the Softwood Timber (ST) loan program contained in Section 1951.909(e)(3)(iii)(C) of FmHA Instruction 1951-S. This interpretation is intended to ensure that the borrowers receive information about the ST loan program when they cannot develop a feasible plan after having been actively considered for loan deferral.

Comparison with previous AN

There is no previous AN on this subject.

Implementation Responsibilities

Section 1951.909(e)(3)(iii)(C) of FmHA Instruction 1951-S states that, if a feasible plan has not been developed after consideration of a borrower for deferral, the borrower must be sent a copy of Exhibit G to Subpart S, by certified mail, and that the County Supervisor must wait 15 days after delivery for a possible application for an ST loan before taking further action on the deferral application.

This subsection must not be interpreted to apply to primary loan servicing applications in general: to do so would introduce a needless delay, and could create confusion on the part of borrowers when they and the County Supervisor will usually be working on the resolution of difficult financial problems involved in debt write-down, etc.

EXPIRATION DATE: September 30, 1989

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-S



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It should instead be interpreted as applying only to situations in which there has been an actual, active "consideration" of deferral, using the word "consideration" to mean that (1) deferral has actually been requested or discussed, whether at the borrower's or County Supervisor's initiative, (2) the County Supervisor has made the preliminary determinations required by Paragraphs (A) and (B) of Section 1951.909(e)(3)(iii) of FmHA Instruction 1951-S, and (3) the borrower's financial situation is such that a feasible plan for deferral cannot be developed without an ST loan, but might possibly be developed if the borrower were to obtain such a loan.

Paragraph I(C)(4) of Exhibit G to FmHA Instruction 1951-S, states that the borrower must own 50 acres or more of marginal land which SCS determines to be suitable for softwood timber. Therefore, the requirement to notify borrowers of the ST loan program per Section 1951.909(e)(3)(iii)(C) would apply only to borrowers who own 50 or more acres of land. Upon request by the land owner for the ST loan, a review will be made by SCS to determine the number of acres that are marginal and suitable for the program.

This paragraph is not well integrated into the new portions of the text of Section 909. Corrective action will be taken when the final Agricultural Credit Act regulations are published. Until those regulations are disseminated, this interpretation should be followed.



NEAL SOX JOHNSON
Acting Administrator

Sent by electronic mail on 2/9 at 8:29 A by ASD. The State Director will immediately notify other personnel as appropriate.